

**RESOLUTION NO. 05-1**

**RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE OFFICER TO  
PLEDGE REAL ESTATE AND USE COMMUNITY FACILITIES DISTRICT FUNDS  
AS COLLATERAL FOR THE FINANCING OF THE POLLUTION LEGAL LIABILITY  
INSURANCE PREMIUM**

**WHEREAS**, this Board has authorized the Executive Officer of the Fort Ord Reuse Authority (the "Authority") to enter into an agreement with Marsh, Inc. to assist the Authority and its member land use jurisdictions in securing a pollution legal liability insurance policy (the "Insurance Policy") in connection with the reuse of the real property comprising the military reservation known as Fort Ord; and

**WHEREAS**, the underwriters of the Insurance Policy have required that the Authority: 1) bind the Insurance Policy before the close of business December 31, 2004, and 2) pay a premium, California surplus line taxes and other related costs of approximately \$6,000,000 within 30 days thereafter; and

**WHEREAS**, Authority Staff and its Financial Advisor have identified as the most favorable method of financing the costs of the Insurance Policy, two Term Loans/Revolving Lines of Credit (referred to in this Resolution as "Term Loan 1" and "Term Loan 2", and together as the "Bank Financing") offered by Community Bank of Central California, and pursuant to prior Board authorization, the Executive Officer has executed a commitment letter with respect to the Bank Financing; and

**WHEREAS**, under the terms of the commitment letter the Authority is required to secure Term Loan 1 with cash collateral and to secure Term Loan 2 by a deed of trust on Authority owned real property, and the combined balance of Term Loan 1 and Term Loan 2 will not exceed \$6 million; and

**WHEREAS**, to obtain Term Loan 2, the commitment requires that the Authority execute and deliver a deed of trust encumbering real property owned by the Authority, which deed of

trust will create a lien for the amount of the Bank Financing (\$6 million) on the real property described in the deed of trust; and

**WHEREAS**, one of the purpose of this Resolution is to authorize, as security for the Term Loan 2 the Executive Officer to execute a deed of trust encumbering County Assessor's Parcel Number 031-201-001, generally known as the "Preston Park property," or another Authority owned parcel or parcels of comparable worth; and

**WHEREAS**, the Fort Ord Reuse Authority Basewide Community Facilities District (the "CFD") has been established, and this Board acts as the legislative body of the CFD; and

**WHEREAS**, another purpose of this Resolution is for this Board, acting as the legislative body of the CFD, to authorize the Executive Officer to pledge funds of the CFD, not immediately needed for purposes of the CFD, as collateral for Term Loan 1.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Fort Ord Reuse Authority as follows:

1. The Executive Officer is hereby authorized to execute and deliver such documents and certificates, for and on behalf of the Authority, as he determines are necessary or appropriate to consummate the Bank Financing, provided that: 1) the aggregate amount of such financing does not exceed six million dollars (\$6,000,000), and 2) the proceeds of such financing are used solely to pay the premium for the Insurance Policy and related costs, and costs incurred in connection with such financing.

2. The Board accepts the general structure of the Bank Financing described as follows: 1) Term Loan 1 is to be secured by a pledge of cash collateral and 2) Term Loan 2 is to be secured by a deed of trust on Authority owned real property. The combined balances of Term Loan 1 and Term Loan 2 may not exceed six million dollars (\$6,000,000). As the cash collateral pledged as security for Term Loan 1 is used for other purposes the balance of Term Loan 1 will be reduced, and, simultaneously, the balance of Term Loan 2 will increase.

3. The Executive Officer is authorized and directed to execute any documents on behalf of the Authority as may be necessary or convenient to pledge the Preston Park property or some other parcel of Authority owned real property acceptable to the lender as collateral for Term Loan 2.

4. The Board, acting as the legislative body of the CFD hereby authorizes the Executive Officer to pledge funds of the CFD, in a principal amount of not to exceed six million dollars (\$6,000,000), which he determines are not required for the immediate needs of the CFD, as collateral for Term Loan 1.

5. This Resolution shall take effect from and after its adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of the Fort Ord Reuse Authority this 21<sup>st</sup> day of January, 2005, by the following vote:

**AYES:** Board Members McCloud, Russell, Mettee-McCutchon, Morrison, Albert, Smith, Calcagno, Costello, Barnes, Pendergrass, Rubio, and Mancini

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Board Member Potter

I, Ila Mettee-McCutchon, (Acting) Chair of the Board of Directors of the Fort Ord Reuse Authority, hereby certify that the foregoing is a true copy of an original order of the said Board of Directors.

DATED: 21 Jan 05

By: Ila Mettee-McCutchon  
ILA METTEE-McCUTCHON  
Chair, Board of Directors  
Fort Ord Reuse Authority